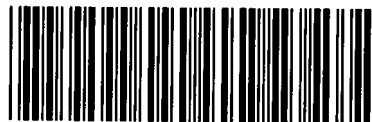


Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2019

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Ascot Racecourse Limited

Annual report and financial statements for the year ended 31 December 2019

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Ascot Racecourse Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report on the company for the year ended 31 December 2019.

Principal activities

Ascot Racecourse Limited (the "company") is the principal operating company of the Ascot Authority (Holdings) Limited group (AAHL), leasing and owning assets necessary to run racing at Ascot, holding all intellectual property assets and entering into associated contracts relating to the practice, protection, development and exploitation of the Ascot and Royal Ascot brands. It uses these assets to run all racecourse operations at Ascot.

Review of the business

The AAHL group monitors performance as a whole and a complete review of the business and future prospects of the company is included in the Directors' Report of the ultimate parent company's financial statements, Ascot Authority (Holdings) Limited, company registered no: 04274507.

There were 26 racedays (18 flat, 8 jump) in 2019, including QIPCO British Champions Day which Ascot hosts on behalf of British Champions Series Limited (2018: 26 racedays). Attendance decreased by 3.3% to 586,362 (2018: 606,278). 13 of the 35 (2018: 13 of 35) UK Group One Flat races are held at Ascot between May and October, of which four (2018: four) are on QIPCO British Champions Day. Three of the 19 (2018: three of 19) UK Open Grade One Jumps races are held at Ascot between November and March.

Turnover increased from £90.5m in 2018 to £93.8m, an uplift of 4%, mainly as a result of the strong performance of fine dining at both Royal Ascot and other racedays and increased income from broadcast and betting media rights. Ticket admission income fell by 2% (2018: increased by 4%). Fine dining income increased by 7% (2018: up 6%).

Attendance at Royal Ascot was 293,000 (2018: 302,000).

The business continued to invest in racedays and capital expenditure to enhance the customer experience. Prize money increased by 1% (2018: increased by 10%). Over the last ten years total prize money has increased by 44%. This increase has been predominantly funded by Ascot whose executive contribution (the total prize fund less owners' stakes and Horserace Betting Levy Board (HBLB) prize money grants) has grown from 43% to 55% of the total prize fund during a period when central funding from the HBLB has fallen.

Food and beverage services at the racecourse are provided under a commercial partnership with Sodexo, "1711 by Ascot". Ascot Racecourse Limited is treated as the principal in a principal/agent relationship for statutory accounting purposes. Ascot Racecourse Limited is also a 28% shareholder in British Champions Series Limited (BCS).

Profit before taxation was £0.0m (2018: loss of £0.0m).

Loss after tax for the financial year was £1.0m (2018: £0.6m).

At the year end the company had net assets of £2.2m (2018: £3.3m).

Major capex projects during the year included the second phase of an eight-year box refurbishment project, continued investment in wayfinding improvement, a new public address system and an external escalator. In addition to capital expenditure the Planned Preventative Maintenance (PPM) programme continued, resulting in £1.9m (2018: £0.9m) of expenditure which was expensed to the profit and loss account.

Despite the challenges in 2020 related to the outbreak of coronavirus disease (COVID-19), the board is committed to a policy of developing the business across seven key income streams, which currently each represent between 10% and 20% of income, to drive its focus on investment in customer experience and facilities, racing (including infrastructure and prize money) and debt repayment.

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2019 (continued)

Key Performance Indicators (KPIs)

Turnover, profit before tax and the level of net debt are the key financial performance indicators used by the directors to monitor the performance of the business. Quality of racing, attendance and customer experience are the key non-financial indicators used by management. Performance on these KPIs is described in the review of business above.

Environmental Impact

The company is committed to ensuring that, as far as is reasonably practical, any detrimental effects of its activities upon the environment are minimised. No waste goes to landfill, all horse waste is composted and reused on site and mains water is rarely used to irrigate the course. As much waste as possible is recycled; including glass, wood, carpet, food and paper.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are:

- On 31 January 2020 the World Health Organization (WHO) declared an outbreak of coronavirus disease (Covid-19) a global emergency. The WHO's Director General characterised Covid-19 as a pandemic on 11 March 2020 and British horse racing was suspended by the BHA (British Horseracing Authority) on 18 March 2020 (Note 25). Following publication of Government guidance on elite sport behind closed doors on 30 May 2020, horse racing recommenced behind closed doors on 1 June 2020. As of the date of signing these financial statements crowds have not been permitted to attend due to the continuing restrictions in place. As a result of the continuing restrictions in place a risk exists that revenues for the company are interrupted for an unknown period of time. Whilst insurance was held to cover the abandonment of Royal Ascot 2020 (including communicable diseases cover), and amendments to loan covenants have been agreed, a risk still exists of continued restrictions or recurrence of the pandemic and the resultant impact on the ability to obtain insurance with similar coverage. The costs and finances of the business are actively managed, with particular focus on cost management throughout the Covid-19 pandemic.
- Other economic factors and social trends that may affect attendances on racedays and the levels of customer spend, the attractiveness and amount of racing at Ascot, and ultimately the level of net income generated. The costs and finances of the business are actively managed accordingly.

The directors regularly review these risks and take mitigating actions when appropriate.

Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('s172') when performing their duty to promote the success of the company under s172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This s172 statement, which is reported for the first time, explains how the directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and the community, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The s172 statement focuses on matters of strategic importance to Ascot, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

Ascot's board has a clear framework for determining the matters within its remit and has approved terms of reference for the matters delegated to its committees. Certain financial and strategic thresholds have been determined to identify matters requiring board consideration and approval. When making decisions, each director ensures that they act in the way they consider, in good faith, would most likely promote the success of the company.

Based on Ascot's purpose under the Ascot Authority Act 1913, to further and promote the welfare and prosperity of the Ascot Races, the strategy set by the board is intended to concentrate on four themes:

- Our values
- Our assets and infrastructure
- Our customers
- Our communities

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2019 (continued)

Section 172(1) statement (continued)

General confirmation of Directors' duties (continued)

The directors recognise that Ascot employees are fundamental and core to the business and delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible, from ensuring that Ascot remains a responsible employer, to pay and benefits, health and safety and the workplace environment.

Delivering Ascot's strategy requires strong mutually beneficial relationships with suppliers, customers, the horsemen and wider racing industry, and other stakeholders. Ascot seeks the promotion and application of certain principles with its suppliers and uses these principles as an important factor in the decision to enter into or remain in such relationships. The company continuously assesses the priorities related to its customers and partners, seeking feedback on its racedays and events and using the feedback to develop future strategy.

Ascot, through its "Ascot Racecourse Supports" initiative, assists selected local and equine charities. Over 250 local charities, community groups and businesses benefit each year via exposure on Ascot's national platform, money contributions and complimentary tickets for use as raffle/auction prizes.

The board periodically reviews and approves clear frameworks, such as its Modern Slavery Statement, to ensure that its high standards are maintained both within Ascot and the business relationships it maintains. This, complemented by the ways the board is informed and monitors compliance with relevant governance standards, helps assure that Ascot acts in a way that promotes high standards of business conduct.

Culture

The board recognises that it has an important role in assessing and monitoring that the desired culture is embedded in the values, attitudes and behaviours of the business, including in its activities and stakeholder relationships. The board has established the 'Ascot Way' values of elegant, uplifting, and original, recognising the rich Royal heritage and dedication to deliver the very best racing experience.

Stakeholder engagement (including employee engagement)

The board recognises the important role Ascot has to play in the community and is deeply committed to collaboration and engagement with its stakeholders. This commitment is at the heart of Ascot's strategic ambitions. The board strongly believes that Ascot achieves success by working together with its customers, communities, business partners, horsemen and wider racing industry, and other stakeholders.

Principal decisions

Principal decisions taken by the board are defined as those decisions in 2019 that are of a strategic nature and that are significant to key stakeholder groups.

Principal decisions	Long-term consequences	Accommodations / mitigations
The Finance (Remuneration) Committee agreed the annual employee benefits package in November 2019.	The employee benefits package is agreed annually for the following calendar year and considers market conditions, cost of living metrics and industry benchmarks.	The decision reached was agreed by the Finance (Remuneration) Committee having assessed recommendations from management.
The board agreed the admissions and hospitality offering to customers for Royal Ascot and Ascot Racedays in 2019 including, but not limited to, pricing, covers, upgrades and memberships.	Whilst the decision reached applied only for racedays in 2019, the feedback from customers will influence longer-term decisions.	The board considered the customer experience and feedback, financial viability and longer-term strategy when determining the admissions and hospitality offering.
The board agreed the 2020 capital expenditure and planned preventative maintenance budget.	Appropriate investment in Ascot's assets and infrastructure ensure their protection and development.	The budgeted expenditure on capital projects and planned preventative maintenance was considered in conjunction with short term financial planning and longer-term strategic goals.

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2019 (continued)

Section 172(1) statement (continued)

Principal decisions (continued)

Principal decisions	Long-term consequences	Accommodations / mitigations
In December 2019 Ascot announced that prize money at Royal Ascot 2020 would exceed £8.0m. However, due to the COVID-19 pandemic (note 25), and the resultant running of Royal Ascot 2020 behind closed doors, this announcement was not fulfilled.	Royal Ascot plays an important role for the industry in maintaining international investment in British racing. The announcement increased the prize fund to £1.0m for two internationally relevant Group One races, the Prince of Wales's Stakes and the Diamond Jubilee Stakes. This highlights our intention to underline their importance as international races, to grow global television coverage and worldwide betting initiatives such as the World Pool with the Hong Kong Jockey Club and UK Tote.	The COVID-19 pandemic (note 25) caused the running of Royal Ascot 2020 behind closed doors and nullified the announcement for 2020. Furthermore, the UK LBO media rights landscape and levy picture remains very challenging which makes it difficult to plan with any certainty.
The board regularly monitored and approved the decisions of the 'Ascot Racecourse Supports' initiative, covering covers volunteering, community activities, equine charity support and the support of other charity initiatives.	Ascot Racecourse is at the heart of the community and has a specific corporate social responsibility function to determine the most effective application of the Ascot Racecourse Supports initiative for the long term benefit of the local community and charities.	The board not only consider the level of financial support to the local community and charities, but the support that can be given by way of employee volunteering and other non-financial community engagement to support community stakeholders.

On behalf of the Board



G Henderson – Director

14 December 2020

Date

Ascot Racecourse Limited

Directors' report for the year ended 31 December 2019

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

Results and dividends

The loss for the financial year is £1.0m (2018: £0.6m loss). The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

The Covid-19 pandemic has had a negative financial impact on the company in 2020 and will continue to do so until such time as restrictions are lifted and crowds are permitted to attend at the same levels as prior to the pandemic. The company meets its day-to-day working capital requirements through its bank facilities. In 2020 the company's parent company, Ascot Authority (Holdings) Limited, which acts as treasurer for the company, has secured additional funding in the form of a senior secured revolving credit facility benefitting from the UK government's Coronavirus Large Business Interruption Loan Scheme (CLBILS). This resulted in an increase in the facility available which provides additional working capital required to support the objectives of the group. Ascot Authority (Holdings) Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Recent economic conditions and UK Government Covid-19 restrictions have continued to create uncertainty over the company's speed of recovery. The company's forecasts and projections, taking account of reasonably possible changes in UK Government Covid-19 restrictions and the resultant trading performance, show that the company should be able to operate within the level of its current facilities for at least the next 12 months. Given the current Covid-19 pandemic, the directors have also considered the impact if trading results do not meet projections. A range of sensitivity scenarios have been modelled considering potential downside impacts of Covid-19 on the business. A reasonable worst case scenario has been modelled on running Royal Ascot 2021 behind closed doors and assuming a proportion of customers (including boxholders, hospitality and admissions) request refunds instead of transferring their licence fee/booking to 2022. Should results fall short of these projections, the directors believe that the company has the resources available to it and have identified a number of mitigating actions that could be instigated, such as further reducing costs in a number of areas if required, to enable the company to continue to meet its obligations as they fall due for the foreseeable future.

Future developments

An outbreak of coronavirus disease (Covid-19) was declared as a global pandemic in March 2020 (Note 25). As a result of this, British horse racing was suspended by the BHA on 18 March 2020 and other restrictions were imposed by the government through the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020. Following publication of Government guidance on elite sport behind closed doors on 30 May 2020, horse racing recommenced behind closed doors on 1 June 2020. Royal Ascot 2020 was the first event to be held at the racecourse after the recommencement, albeit without crowds. As of the date of signing these financial statements crowds have not been permitted to attend due to the continuing restrictions in place. As a result, these restrictions directly impact on the company's income streams and therefore the directors anticipate a decline in the performance of the company while the restrictions remain in place. When crowds are permitted to attend horse racing and other events at the same levels as prior to the Covid-19 pandemic, in compliance with government and public health policy and following approval from the BHA, the directors anticipate a similar level of profitability as prior to the Covid-19 pandemic.

Directors

The directors of the company who held office during the year and up to the date of the signing of the financial statements, unless otherwise stated, were as follows

G Henderson
A J M Warwick
J M Slot (resigned 31 August 2020)

I D McGregor
N K Smith
J R Parker

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity provided by Ascot Authority (Holdings) Limited for directors and officers of group companies which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Ascot Racecourse Limited

Directors' report for the year ended 31 December 2019 (continued)

Financial risk management

The company has interest bearing liabilities principally to its ultimate parent company, Ascot Authority (Holdings) Limited. Ascot Authority (Holdings) Limited has a policy of maintaining the majority of its debt at a fixed rate where possible to ensure certainty of future cash flows due to interest payable and charges subsidiaries interest on financing balances at 0.5% above the rate paid to the external lender. The company has some credit risk which it mitigates through robust credit control procedures. The directors also undertake regular reviews of a comprehensive risk register which deals with a number of financial and non-financial risks faced by the business.

Statement of engagement with suppliers, customers and other in a business relationship with the company

The directors consider it important to foster the company's business relationships with suppliers, customers, horsemen and the wider racing industry, and others. The principal decisions taken by the company during the financial year are listed in the Section (172) Statement in the Strategic Report, including the long-term consequences of the decisions and the accommodations/mitigations considered in reaching those decisions.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and in accordance with section 487(2) of the Companies Act 2006 the auditors are deemed to be re-appointed for the next financial year.

On behalf of the Board



G Henderson (Executive Chairman)

14 December 2020

Date

Ascot Racecourse Limited

Independent auditors' report to the members of Ascot Racecourse Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ascot Racecourse Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Ascot Racecourse Limited

Independent auditors' report to the members of Ascot Racecourse Limited (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

15 December 2020

Date

Ascot Racecourse Limited

Profit and loss account for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	5	93,820	90,490
Cost of sales		(58,483)	(55,553)
Gross profit		35,337	34,937
Administrative expenses		(33,246)	(31,739)
Other operating income		260	96
Operating profit	6	2,351	3,294
Interest receivable and similar income		5	2
Interest payable and similar expenses	8	(2,342)	(3,343)
Profit/(loss) before taxation		14	(47)
Tax on profit/loss	9	(1,056)	(596)
Loss for the financial year		(1,042)	(643)

All results derive from continuing operations.

The company has no other comprehensive income or expense other than the results above, and therefore no separate statement of total comprehensive income has been presented.

Ascot Racecourse Limited

Balance sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	33	98
Tangible assets	11	62,987	73,540
Investments	12	-	-
		63,020	73,638
Current assets			
Stock	13	181	385
Debtors	14	12,528	15,712
Cash at bank and in hand		2,040	1,822
		14,749	17,919
Creditors – Amounts falling due within one year	15	(26,335)	(25,357)
Net current liabilities		(11,586)	(7,438)
Total assets less current liabilities		51,434	66,200
Creditors – Amounts falling due after more than one year	16	(44,577)	(56,981)
Deferred credits	18	(4,621)	(5,941)
Net assets		2,236	3,278
Capital and reserves			
Called up share capital	19, 20	1,000	1,000
Share premium account	20	77,440	77,440
Profit and loss account	20	(76,204)	(75,162)
Total shareholders' funds		2,236	3,278

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the board of directors and were signed on its behalf by:



G Henderson
Director
Ascot Racecourse Limited
Ascot Racecourse, Ascot, Berkshire, SL5 7JX

Registered no: 04320977

14 December 2020
Date

Ascot Racecourse Limited

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' (deficit)/funds £'000
1 January 2018	1,000	77,440	(74,519)	3,921
Loss for the financial year	-	-	(643)	(643)
31 December 2018	1,000	77,440	(75,162)	3,278
Loss for the financial year	-	-	(1,042)	(1,042)
31 December 2019	1,000	77,440	(76,204)	2,236

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019

1. General Information

Ascot Racecourse Limited ('the company') is a private company limited by shares and is incorporated in England. The address of its registered office is Ascot Racecourse, Ascot, Berkshire SL5 7JX and the financial statements are available at this address.

2. Statement of Compliance

The financial statements of Ascot Racecourse Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

b) Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet its obligations as and when they fall due for the foreseeable future.

The Covid-19 pandemic has had a negative financial impact on the company in 2020 and will continue to do so until such time as restrictions are lifted and crowds are permitted to attend at the same levels as prior to the pandemic. The company meets its day-to-day working capital requirements through its bank facilities. In 2020 the company's parent company, Ascot Authority (Holdings) Limited, which acts as treasurer for the company, has secured additional funding in the form of a senior secured revolving credit facility benefitting from the UK government's Coronavirus Large Business Interruption Loan Scheme (CLBILS). This resulted in an increase in the facility available which provides additional working capital required to support the objectives of the group. Ascot Authority (Holdings) Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Recent economic conditions and UK Government Covid-19 restrictions have continued to create uncertainty over the company's speed of recovery. The company's forecasts and projections, taking account of reasonably possible changes in UK Government Covid-19 restrictions and the resultant trading performance, show that the company should be able to operate within the level of its current facilities for at least the next 12 months.

Given the current Covid-19 pandemic, the directors have also considered the impact if trading results do not meet projections. A range of sensitivity scenarios have been modelled considering potential downside impacts of Covid-19 on the business. A reasonable worst case scenario has been modelled on running Royal Ascot 2021 behind closed doors and assuming a proportion of customers (including boxholders, hospitality and admissions) request refunds instead of transferring their licence fee/booking to 2022. Should results fall short of these projections, the directors believe that the company has the resources available to it and have identified a number of mitigating actions that could be instigated, such as further reducing costs in a number of areas if required, to enable the company to continue to meet its obligations as they fall due for the foreseeable future.

After making appropriate enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

3. Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS102

As permitted by FRS 102 paragraphs 1.11 and 1.12, having previously obtained shareholder approval to do so, the company has made use of the exemptions from:

- i. preparing a statement of cash flows, on the basis that it is a qualifying entity
- ii. disclosing the company's key management personnel compensation, as required by FRS 102 paragraph 33.7.
- iii. the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

d) Consolidated financial statements

The company is a wholly owned subsidiary of Ascot Authority (Holdings) Limited. It is included in the consolidated financial statements of Ascot Authority (Holdings) Limited which are publicly available. These financial statements are the company's separate financial statements.

e) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes, from operating and managing the racecourse and its facilities.

Entrance money and hospitality income are recognised on the day of the event to which they relate. Annual membership, box rental and sponsorship income are spread over the term to which they relate. Differences between cash received and income recognised are included within deferred income or accrued income as appropriate.

The company's turnover includes all sales of catering made directly by the company (fine dining and box catering) and by Sodexo, the main catering agent (retail food and drink) together with commission received from other third party caterers.

Turnover includes Horserace Betting Levy Board revenue grants – see paragraph (j).

f) Intangible assets

Intangible assets are stated the cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	3 to 5 years
Website development	3 to 5 years

If there is an indication that the residual value or useful life of an intangible asset has changed, the amortisation of that asset is revised prospectively to reflect the new expectations.

Intangible assets in course of construction are stated at cost. These assets are not amortised until they are available for use.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

3. Summary of significant accounting policies (continued)

g) Tangible fixed assets

Tangible fixed assets are stated at the cost of purchase or construction less accumulated depreciation and impairment losses. Borrowing costs are not capitalised within the value of fixed assets.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned (or the length of the site lease where shorter), as follows:

Land and buildings (leasehold improvements)	Lease term (4.5 years to June 2023)
Plant, machinery, fixtures and fittings	5 to 20 years, restricted to the lease term where appropriate

Assets in course of construction are stated at cost. These assets are not depreciated until they are available for use. No depreciation is charged on freehold land.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

h) Impairment of assets

At each reporting date non-financial assets, such as intangible and tangible fixed assets, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the profit or loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate, but not in excess of the amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised. A reversal of an impairment loss is recognised in the profit and loss account.

i) Stock

Stock, including bloodstock, is stated at the lower of cost and net realisable value.

j) Deferred credits

The Horserace Betting Levy Board (HBLB) provides funding to racecourses which is used to support racing activities. Grants are earned from racing on a fixture-by-fixture basis. Racecourses may elect to waive the income in favour of a transfer to a capital credits account to be used, at the HBLB's discretion, against expenditure on HBLB approved capital projects.

Grants taken as revenue grants are recognised within turnover when the race meeting to which they relate is held.

Grants waived in favour of capital credits are accounted for when drawn, using the accruals method, as a deferred credit that is released to the profit and loss account, matched against the depreciation over the expected useful economic lives of the assets to which they relate.

k) Leased assets

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. The company has no finance leases or hire purchase agreements.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

3. Summary of significant accounting policies (continued)

l) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year, reflected in either the profit and loss account or the statement of other comprehensive income depending on where the related item is recognised.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the year or prior years using tax rates and laws that have been enacted or substantively enacted by the year end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax, which arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements, is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Current or deferred tax assets and liabilities are not discounted.

m) Employee benefits

The company provides a range of benefits to employees including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term benefits, including holiday pay and similar non-monetary benefits, are recognised as an expense in the year in which the service is rendered.

The company operates defined contribution pension plans for its employees, under which the company pays fixed contributions into a separate entity. Once contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plans are held separately from the company in independently administered personal pension funds.

The company also has a defined benefit plan which is closed to both new entrants and contributions. The liability of this plan is calculated as the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the same date, using the projected unit credit method. As required by FRS102, the present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that have terms approximating to the estimated year of future payments.

The company operates a number of annual bonus plans for employees and a long term incentive scheme in respect of some of the directors. An expense is recognised in the profit and loss account where the company has a legal or constructive obligation to make payments under the plans as a result of past events.

n) Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Basic financial instruments, including trade and other receivables and payables, bank loans and cash and bank balances are recognised at transaction price less transaction costs. Such assets are subsequently carried at amortised cost using the effective interest method.

o) Related party transactions

The company is exempt under the terms of FRS102 paragraph 33.1 from disclosing related party transactions with entities that are part of Ascot Authority (Holdings) Limited group.

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transaction on the company financial statements.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

4. Significant judgements and accounting estimates

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- i. Deferred tax (note 17) – At 31 December 2019 a net deferred tax asset of £1.3m (2018: £1.4m) in respect of timing differences is recognised, principally in respect of capital allowances not yet claimed in full. Deferred tax assets are based upon future profit forecasts.
- ii. Tangible fixed asset lives (note 11) – The carrying value of tangible fixed assets, £63.0m at 31 December 2019 (2018: £73.5m), requires the directors to make an estimate of the asset's useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed in note 3(g).

5. Turnover

The turnover is attributable to the principal activities of the company and is derived wholly within the United Kingdom. Turnover is derived from only one class of business.

Revenue grants received from the Horserace Betting Levy Board (HBLB) and included within turnover were £3.1m (2018: £2.9m). No capital grant (2018: £nil) was received from the HBLB.

6. Operating profit

Operating profit is stated after charging/(crediting):	Note	2019 £'000	2018 £'000
Staff costs:			
Wages and salaries		7,763	7,022
Social security costs		883	813
Other pension costs	22	668	459
Long-term employee benefits		295	280
Total staff costs		9,609	8,574
Depreciation and amortisation:			
Loss on disposal of tangible assets		141	7
Impairment of intangible assets	10	-	792
Amortisation of intangible assets	10	65	163
Depreciation of tangible assets	11	17,274	16,533
Amortisation of deferred credits	18	(1,320)	(1,320)
Net depreciation and amortisation		16,160	16,175
Operating lease charges:			
Total operating lease charges – land & buildings		1,236	1,100

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

6. Operating profit (continued)

	2019 £'000	2018 £'000
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's financial statements	55	50
Fees payable to the company's auditors and their associates for other services:		
- Tax advisory services	14	24
- Tax compliance services	23	19
- Other services	78	3
Total payable to the company's auditors and their associates	170	96

Employment costs

The employment costs disclosed above take into account amounts recharged by Ascot Racecourse Limited to Ascot Authority (Holdings) Limited, Ascot Racecourse Estates Limited and Ascot Racecourse Estates (Property Developments) Limited to reflect the services provided by the executive directors to these companies and a management charge to reflect the service of other staff to these group companies.

Other operating income

Other operating income comprises rental income of £260k (2018: £96k).

7. Employees and directors

Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Administration	135	130
Course and grounds and maintenance	43	41
	178	171

Directors

The directors' emoluments were as follows:

	2019 £'000	2018 £'000
Aggregate emoluments	1,663	1,515
Company pension contributions to money purchase schemes	50	84
Aggregate amounts receivable under long-term incentive schemes	295	280
	2,008	1,879

Post-employment benefits accrued to four directors (2018: five) under money purchase arrangements. Five directors are accruing benefits under a long-term incentive scheme (2018: four).

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

7. Employees and directors (continued)

Highest paid directors' emoluments

	2019 £'000	2018 £'000
Aggregate emoluments	479	469
Aggregate amounts receivable under long-term incentive schemes	93	93
	572	562

Post-employment benefits of £nil (2018: £nil) were accrued by the highest paid director under money purchase or defined benefit pension arrangements.

8. Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable on loans from group undertakings	2,342	3,343

9. Tax on loss

a) Tax expense included in the profit and loss account	2019 £'000	2018 £'000
UK Corporation tax on profits for the year	853	399
Adjustment in respect of prior periods	183	-
Total current tax: UK corporation tax on loss for the financial year	1,036	399
Deferred tax:		
Origination and reversal of timing differences	44	247
Adjustments in respect of prior years	(43)	(36)
Effects of changes in tax rates	19	(14)
Total deferred tax	20	197
Tax charge on profit/loss	1,056	596

b) Reconciliation of tax charge

Tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit/(loss) before taxation	14	(47)
Profit/(loss) before taxation multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	3	(9)
Effects of:		
- Expenses not deductible for tax purposes	894	914
- Adjustments in respect of prior years	140	(37)
- Changes in tax rates	19	(14)
- Group relief surrendered for no consideration	-	(258)
Total tax charge for the year	1,056	596

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

9. Tax on loss (continued)

c) Tax rate changes

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The impact of the difference is not material to the financial statements.

10. Intangible assets

	Software £'000	Website development £'000	Total £'000
Cost			
At 1 January 2019	570	466	1,036
As 31 December 2019	570	466	1,036
Accumulated amortisation			
At 1 January 2019	486	452	938
Charge for the year	59	6	65
At 31 December 2019	545	458	1,003
Net book amount			
At 31 December 2019	25	8	33
At 31 December 2018	84	14	98

Amortisation of intangible fixed assets is included in administrative expenses.

11. Tangible assets

	Land & buildings (leasehold improvements) £'000	Plant, machinery, fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2019	171,657	97,879	269,536
Additions in the year	2,289	4,573	6,862
Disposals in the year	(292)	(2,310)	(2,602)
As 31 December 2019	173,654	100,142	273,796
Accumulated depreciation			
At 1 January 2019	122,288	73,708	195,996
Charge for the year	11,149	6,125	17,274
Disposals	(151)	(2,310)	(2,461)
At 31 December 2019	133,286	77,523	210,809
Net book amount			
At 31 December 2019	40,368	22,619	62,987
At 31 December 2018	49,369	24,171	73,540

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

12. Investments

	2019 £'000	2018 £'000
Shares in associate	-	-
Loans to associate		
At 1 January	746	933
Repayments in the year	(113)	(187)
At 31 December	633	746
Less provisions for impairment	(633)	(746)
Loans to associate net of impairment	-	-
Net investment in associate	-	-

At 31 December 2019 the company had a 28.2% (2018: 28.2%) equity investment in British Champions' Series Limited (BCS), an initiative, by Racing Enterprises Limited and a number of racecourses, to create an attractive narrative for the elite UK flat races and to promote and run QIPCO British Champions Day (QBCD) as a finale to the flat racing season held at Ascot in October. The group's investment in shares in BCS is held at cost (£282). The registered office of British Champions' Series Limited is 20-22 Bedford Row, London, WC1R 4EB.

Ascot Racecourse Limited, along with the other BCS shareholders, has provided significant debt funding to finance the operations of BCS (including the QBCD prize fund) over its start-up phase. These loans are unsecured and repayable out of BCS surplus funds.

Repayment of the loans commenced in 2016. An impairment provision of £633k (2018: £746k) remains against the total advance, given historic profitability and that the loan repayment schedule extends out to 2025. The company is not committed to any further loans to BCS.

13. Stock

	2019 £'000	2018 £'000
Bloodstock	181	385

The company owns four racehorses (2018: five), which it races for the enjoyment of members of its proprietary club, The Royal Ascot Racing Club.

14. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	5,364	6,777
Prepayments and accrued income	5,829	7,580
	11,193	14,357
Amounts falling due after more than one year		
Deferred tax (note 17)	1,335	1,355
	12,528	15,712

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

15. Creditors – Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	1,129	865
Corporation tax	365	150
Other taxation and social security	1,919	2,271
Accruals and deferred income	22,922	22,071
	26,335	25,357

16. Creditors – Amounts falling due after more than one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	44,577	56,981

Amounts owed to group undertakings are in respect of non-instalment debts which are due in greater than five years, unsecured and repayable by 2023. Interest is charged at 0.5% above the rate paid by Ascot Authority (Holdings) Limited to the external lender.

17. Deferred tax

	Amount recognised	
	2019 £'000	2018 £'000
Capital allowances	1,299	1,405
Short term timing differences	36	(50)
Deferred tax asset	1,335	1,355

Unrelieved tax losses at 31 December 2019 amount to £nil (2018: £nil).

18. Deferred credits

Movements on capital grants received from the Horserace Betting Levy Board and capital contributions from other sources are as follows:

	Gross capital grants & contributions received £'000	Accumulated credit to profit & loss account £'000	Deferred credits £'000
1 January 2019	40,661	(34,720)	5,941
Credited to the profit and loss account	-	(1,320)	(1,320)
At 31 December 2019	40,661	(36,040)	4,621

Under the terms of agreements with the other third parties, reducing amounts of those contributions are repayable should the contracts with the third parties for the supply of services be terminated. At 31 December 2019, the amount repayable in such circumstances was £nil (2018: £nil).

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

19. Called up share capital

	2019 £'000	2018 £'000
Allotted, issued and fully paid 1,000,000 ordinary shares of £1 each (2018: 1,000,000 ordinary shares)	1,000	1,000

20. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior year retained profits and losses.

Movements in the above reserves are shown in the Statements of changes in equity.

21. Operating lease and other commitments

At 31 December the company had total commitments under non-cancellable operating leases of assets for each of the following years:

	Land & buildings	
	2019 £'000	2018 £'000
Not later than one year	1,239	1,188
Later than one year and not later than five years	2,833	3,991
	4,072	5,179

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

22. Post-employment benefits

a) Defined contribution schemes

The company operates two defined contribution schemes for employees and directors – Group Personal Pension Plans operated on a money purchase basis, arranged with Scottish Widows and National Employment Savings Trust (NEST). The scheme assets are held in separately administered individual personal pension plan funds.

The amount recognised as an expense for the defined contribution schemes was:

	2019 £'000	2018 £'000
Current year contributions	668	459

b) Defined benefit scheme

The company also has one defined benefit scheme, The Ascot Racecourse Limited 1974 Retirement Fund, with assets held in a separately administered fund. This pension scheme was closed on 31 March 1999 and there are no active members. The pension scheme provides retirement benefits on the basis of the members' final salary when the scheme was closed.

The plan is administered by independent trustees. A full actuarial valuation, using the projected unit credit method, was carried out as at 31 March 2018 by qualified independent actuaries, Punter Southall LLP. At 31 March 2018 the scheme was valued at £493k surplus, with a funding level of 111%, and therefore no additional contributions are required of the company. Consequently, the company made no deficit reduction contributions in the year (2018: £nil).

The actuarial valuation as at 31 March 2018 has been updated for the purposes of meeting the requirements of FRS102. The major assumptions used were:

	2019	2018
Rate of increase in benefits and pensions in payment	3.05%	3.05%
Discount rate	1.93%	2.58%
Rate of inflation – CPI	3.05%	3.05%
Longevity at age 65 for future pensioners (men)	23.6 years	23.6 years

FRS102 prescribes that the discount rate applied to the liabilities should be based on the yield on AA rated corporate bonds at 31 December 2019 of 1.93% (2018: 2.58%), whereas the funding basis uses the rate of government bonds (2.25% as at 31 March 2019) less 0.3%, i.e. 1.95% as at 31 March 2018.

Reconciliation of scheme assets and liabilities on the FRS102 accounting basis:

	Assets £'000	Liabilities £'000	Total £'000
1 January 2019	4,340	(3,076)	1,264
Settlements	(292)	207	(85)
Interest income/(expense)	112	(79)	33
Actuarial gain	-	(903)	(903)
Return on plan assets excluding interest income	516	-	516
31 December 2019	4,676	(3,851)	825

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

22. Post-employment benefits (continued)

b) Defined benefit scheme (continued)

The 1974 scheme is closed to contributions. Under FRS102, none of the £825k (2018: £1,264k) FRS102 accounting surplus can be recognised on the balance sheet, as it is not recoverable through reduced future contributions. In practice the directors believe the FRS102 accounting surplus is unlikely to be realised in any event. The directors expect that most, if not all, of the assets of the scheme will be used to secure the benefits promised to members, as indicated by the funding basis.

Total amount recognised as an expense:

	2019 £'000	2018 £'000
Net interest income	33	18
Settlements	(85)	(106)
Change in unrecognised surplus	52	88
Pension cost recognised as an operating expense	-	-
Return on plan assets less interest income	516	(191)
Actuarial (loss)/gain	(903)	755
Change in unrecognised surplus	387	(564)
Actuarial gain recognised in the statement of comprehensive income	-	-
Total defined benefit scheme gain recognised	-	-

The fair value of the fund assets (which do not include any of the company's financial instruments or shares) was:

	2019 £'000	2018 £'000
Government bonds	4,675	4,332
Cash	1	8
Fair value of plan assets	4,676	4,340

The return on the fund assets was:

	2019 £'000	2018 £'000
Interest income	112	118
Return on plan assets less interest income	516	(191)
Total return on plan assets	628	(73)

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

23. Related party transactions

Transactions and balances with related parties are as follows:

	Sales		Debtors	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
British Champions' Series Limited	227	277	-	78
Weatherbys Limited	118	112	-	69
	345	389	-	147

	Purchases		Creditors	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
British Champions' Series Limited	-	-	89	97
Weatherbys Limited	228	219	15	18
Weatherbys Hamilton LLP	9	14	-	-
	237	233	104	115

British Champions' Series Limited (BCS) is an associate undertaking and Ascot Racecourse hosts QIPCO British Champions Day (QBCD) for BCS. Ascot Racecourse Limited collects income and incurs expenditure for QBCD, which it passes over to BCS. This income and expenditure is not included above. The sales and debtors relate to a hosting and management fee and boxes and restaurants that BCS book at Ascot Racecourse.

Ascot Racecourse Limited, along with the other BCS shareholders, has provided debt funding to finance the operations of BCS (including the British Champions Day prize fund). These loans are unsecured and repayable out of BCS surplus funds (see note 12). The gross loan to BCS is £633k (2018: £746k). The net book value of loans to BCS, after provisions for impairment, is £nil (2018: £nil).

Ascot Racecourse Limited purchases racecards from, and sells sponsorship and hospitality packages to, Weatherbys Limited, a company which shared a director (J R Weatherby – resigned 22 June 2020) with the Group. It also purchases horse insurance from Weatherbys Hamilton LLP.

Ascot Authority (Holdings) Limited directors J R Weatherby, Sir Francis Brooke Bt. and Lady Celina Carter are members of The Jockey Club, which owns and operates a number of racecourses in the UK.

The company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

24. Ultimate parent company and controlling party

The immediate parent undertaking is Ascot Authority (Holdings) Limited which is also the parent undertaking of the smallest and largest company to consolidate these financial statements. Copies of the consolidated financial statements of Ascot Authority (Holdings) Limited are available from The Company Secretary, Ascot, Ascot Racecourse, Berkshire SL5 7JX.

Sir Francis Brooke Bt., H M C Morley and Lady Celina Carter are non-beneficial Trustees of the Ascot Authority, a body which owns the entire share capital of Ascot Authority (Holdings) Limited. The Ascot Authority is therefore the immediate and ultimate parent undertaking of the company and the above Trustees are therefore the ultimate controlling parties. The Ascot Authority is the parent of the only group including the company. The Ascot Authority is not required to prepare consolidated financial statements.

25. Events after the reporting period

On 31 January 2020 the World Health Organization (WHO) declared an outbreak of coronavirus disease (Covid-19) a global emergency. The WHO's Director General characterised Covid-19 as a pandemic on 11 March 2020 and British horse racing was suspended by the BHA on 18 March 2020. Following publication of Government guidance on elite sport behind closed doors on 30 May 2020, horse racing recommenced behind closed doors on 1 June 2020. As of the date of signing these financial statements crowds have not been permitted to attend as a result of the continuing restrictions in place. In accordance with FRS102.32.10 this has been treated as a non-adjusting event. The directors have considered the impact of the Covid-19 virus on the company, including the impact on the wider industry in which it operates, and do not consider there to be a material financial effect on the balance sheet position as at 31 December 2019.